

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF MASSACHUSETTS

| | | |
|--------------------------------|---|------------------------------|
| _____ |) | |
| In re |) | Chapter 11, No. 09-30623-HJB |
| |) | (Jointly Administered) |
| ERVING INDUSTRIES, INC., et al |) | |
| |) | |
| Debtors |) | |
| _____ |) | |


ORDER

At SPRINGFIELD, in said District, on this the 14th day of January, 2010.

Upon the Motion of Erving Industries Inc et al, seeking the use of cash collateral and a Stipulation between the Debtors and TD Bank, N.A. pertaining to the use of cash, authorization for the continued use of cash thru January 14th 2010 having been granted on September 10th 2009, after hearing and for good and sufficient cause shown, it is hereby

ORDERED: that the Debtors are authorized to continue the use of cash collateral on the same terms and conditions as set forth in the Order dated May 12, 2009 approving said Stipulation and in accordance with the appended budget; and it is further

ORDERED: that a hearing on the further use of cash collateral is set for April 8, 2010 at 11:30 a in Springfield.


HONORABLE HENRY J. BOROFF
Bankruptcy Judge

Erving Industries, Inc, Erving Paper Mills, Inc. and Erseco, Inc. (CONSOLIDATED)
CASH FLOW PROJECTION
PERIODS 1 - 4, 2010 (01/01/2010 TO 04/25/2010)

01/11/10
9:56 AM

CONSOLIDATED ERVING INDUSTRIES, INC.

| PERIOD | Total Period 1, 2010 1/1 - 1/31 | Total Period 2, 2010 2/1 - 2/28 | Total Period 3, 2010 3/1 - 3/28 | Total Period 4, 2010 3/29 - 4/25 | Total Pds. 1 - 4 2010 01/01-04/25 |
|--|--|--|--|---|--|
| CASH - BEGINNING OF PERIOD | 5,551,000 | 4,065,485 | 3,636,395 | 3,147,000 | 5,551,000 |
| RECEIPTS | | | | | |
| CASH SALES | 0 | 0 | 0 | 0 | 0 |
| ACCOUNTS RECEIVABLE | 2,374,600 | 3,243,900 | 3,250,300 | 3,485,400 | 12,354,200 |
| LOANS AND ADVANCES | 4,000 | 4,000 | 4,000 | 4,000 | 16,000 |
| SALE OF ASSETS | 0 | 0 | 0 | 0 | 0 |
| OTHER (ATTACH LIST) | 54,000 | 52,000 | 52,000 | 52,000 | 210,000 |
| TRANSFERS (TO/FROM DIP ACCTS) | 0 | 0 | 0 | 0 | 0 |
| TOTAL RECEIPTS | 2,432,600 | 3,299,900 | 3,306,300 | 3,541,400 | 12,580,200 |
| DISBURSEMENTS | | | | | |
| NET PAYROLL (LESS OWNERS) | 343,960 | 349,360 | 354,760 | 354,760 | 1,402,840 |
| PAYROLL TAXES (LESS OWNERS) | 167,800 | 169,900 | 172,000 | 172,000 | 681,700 |
| FRINGE BENEFITS (LESS OWNERS) (Incl. Retirees) | 207,550 | 208,575 | 214,600 | 219,800 | 850,525 |
| SALES, USE AND OTHER TAXES | 4,000 | 4,000 | 4,000 | 4,000 | 16,000 |
| INVENTORY PURCHASES | 0 | 0 | 0 | 0 | 0 |
| FIBER/CHEMICALS | 1,094,900 | 1,138,300 | 1,174,400 | 1,179,900 | 4,587,500 |
| ELECTRICITY/OIL | 871,450 | 810,250 | 836,000 | 781,250 | 3,298,950 |
| OTHER PURCHASES | 292,000 | 299,000 | 303,000 | 303,000 | 1,197,000 |
| RENT/LEASES | 0 | 0 | 0 | 0 | 0 |
| INSURANCES | 103,700 | 22,700 | 22,700 | 22,700 | 171,800 |
| ADMINISTRATIVE (Excl. wages/ben.) | 19,000 | 19,000 | 19,000 | 19,000 | 76,000 |
| SELLING | 78,000 | 74,000 | 78,000 | 85,000 | 315,000 |
| DEPOSITS | 0 | 0 | 0 | 0 | 0 |
| OTHER (ATTACH LIST) | 421,050 | 349,200 | 382,950 | 345,050 | 1,498,250 |
| OWNER SALARIES AND PR TAXES/FRINGES | 46,455 | 46,455 | 46,455 | 46,455 | 185,820 |
| TRANSFERS TO/FROM DIP ACCTS | 0 | 0 | 0 | 0 | 0 |
| PROFESSIONAL FEES | 70,000 | 70,000 | 70,000 | 70,000 | 280,000 |
| ADEQUATE PROTECTION PYMT - Banknorth | 19,000 | 19,000 | 19,000 | 19,000 | 76,000 |
| ADEQUATE PROTECTION PYMT - FAEF/Huntington | 35,000 | 35,000 | 35,000 | 35,000 | 140,000 |
| SECTION 503(B)(9) | 72,250 | 72,250 | 47,830 | 0 | 192,330 |
| SECTION 503 (B9) - Disputed | 42,000 | 42,000 | 16,000 | 0 | 100,000 |
| U.S. TRUSTEE QUARTERLY FEES | 30,000 | 0 | 0 | 22,750 | 52,750 |
| COURT COSTS | 0 | 0 | 0 | 0 | 0 |
| TOTAL DISBURSEMENTS | 3,918,115 | 3,728,990 | 3,795,695 | 3,679,665 | 15,122,465 |
| NET CASH FLOW (RECEIPTS LESS DISBURSEMENTS) | -1,485,515 | -429,090 | -489,395 | -138,265 | -2,542,265 |
| CASH - END OF PERIOD | 4,065,485 | 3,636,395 | 3,147,000 | 3,008,735 | 3,008,735 |

ERVING INDUSTRIES, INC. - CASH FLOW FORECAST

| | Per 01, 10 | Per 02, 10 | Per 03, 10 | Per 04, 10 | Total |
|--|------------|------------|------------|------------|-----------|
| <u>Cash Receipts - Other:</u> | | | | | |
| All | 54,000 | 52,000 | 52,000 | 52,000 | 210,000 |
| <u>Net Payroll:</u> | | | | | |
| Weekly Payroll - Net | 260,800 | 266,200 | 271,600 | 271,600 | 1,070,200 |
| Monthly Payroll - Net | 83,160 | 83,160 | 83,160 | 83,160 | 332,640 |
| Total Net Payroll | 343,960 | 349,360 | 354,760 | 354,760 | 1,402,840 |
| <u>Fringe Benefits:</u> | | | | | |
| Pension | 2,000 | 2,000 | 2,000 | 2,000 | 8,000 |
| 401K (employee & employer) | 51,850 | 52,875 | 58,900 | 53,900 | 217,525 |
| Health Insurance - Premiums (Including Retiree Medical) | 118,400 | 118,400 | 118,400 | 128,600 | 483,800 |
| Health Insurance - HRA | 15,500 | 15,500 | 15,500 | 15,500 | 62,000 |
| Life Insurance (Including Retiree Life) | 12,650 | 12,650 | 12,650 | 12,650 | 50,600 |
| LTD | 1,250 | 1,250 | 1,250 | 1,250 | 5,000 |
| A&S | 3,250 | 3,250 | 3,250 | 3,250 | 13,000 |
| Dental Insurance | 2,650 | 2,650 | 2,650 | 2,650 | 10,600 |
| Total Fringe Benefits | 207,550 | 208,575 | 214,600 | 219,800 | 850,525 |
| <u>Inventory Purchases - Fiber & Chemicals</u> | | | | | |
| Fiber | 931,000 | 967,000 | 998,000 | 1,005,000 | 3,901,000 |
| Chemicals | 163,900 | 171,300 | 176,400 | 174,900 | 686,500 |
| Total Fiber & Chemicals | 1,094,900 | 1,138,300 | 1,174,400 | 1,179,900 | 4,587,500 |
| <u>Inventory Purchases - Electricity & Oil - Normal:</u> | | | | | |
| National Grid | 115,000 | 101,000 | 104,000 | 106,000 | 426,000 |
| Constellation New Energy | 237,000 | 209,000 | 230,000 | 238,000 | 914,000 |
| Oil | 519,450 | 500,250 | 502,000 | 437,250 | 1,958,950 |
| Total "Normal" Energy | 871,450 | 810,250 | 836,000 | 781,250 | 3,298,950 |
| <u>Inventory Purchases - Other:</u> | | | | | |
| Paper Machine Supplies | 43,000 | 45,000 | 46,000 | 46,000 | 180,000 |
| Shipping Supplies | 26,000 | 26,000 | 26,000 | 26,000 | 104,000 |
| Machine Clothing | 50,000 | 53,000 | 54,000 | 54,000 | 211,000 |
| Repair Parts, Supplies, Service | 134,000 | 134,000 | 134,000 | 134,000 | 536,000 |
| Process Chemicals | 39,000 | 41,000 | 43,000 | 43,000 | 166,000 |
| Total Inventory Purchases - Other | 292,000 | 299,000 | 303,000 | 303,000 | 1,197,000 |
| <u>Insurances:</u> | | | | | |
| General/Prop. Insurance (Incl. PBGC premiums) | 22,000 | 2,000 | 2,000 | 2,000 | 28,000 |
| Workers Comp | 81,700 | 20,700 | 20,700 | 20,700 | 143,800 |
| Total Insurances | 103,700 | 22,700 | 22,700 | 22,700 | 171,800 |
| <u>Deposits:</u> | | | | | |
| National Grid | | | | | 0 |
| Constellation New Energy | | | | | 0 |
| Oil | | | | | 0 |
| Other Utilities (phone/cable) | | | | | 0 |
| Total Deposits | 0 | 0 | 0 | 0 | 0 |
| <u>Other:</u> | | | | | |
| Capital Expenditures/Major Maintenance | 67,750 | 67,750 | 67,750 | 67,750 | 271,000 |
| Freight | 119,000 | 125,000 | 129,000 | 129,000 | 502,000 |
| Service Agreements | 11,000 | 11,000 | 11,000 | 11,000 | 44,000 |
| Environmental Compliance | 11,950 | 11,950 | 11,950 | 11,950 | 47,800 |
| Real Estate & Property Taxes | 0 | 1,500 | 0 | 0 | 1,500 |
| Building Lease | 77,100 | 0 | 30,000 | 0 | 107,100 |
| Trash Removal | 12,000 | 12,000 | 12,000 | 12,000 | 48,000 |
| Erving Industries | 5,000 | 5,000 | 5,000 | 5,000 | 20,000 |
| Erseco | (5,000) | (5,000) | (5,000) | (5,000) | (20,000) |
| All Other Mfg Expenses | 122,250 | 120,000 | 121,250 | 113,350 | 476,850 |
| Total Other Disbursements | 421,050 | 349,200 | 382,950 | 345,050 | 1,498,250 |
| <u>Adequate Protection Payment - TD Banknorth</u> | | | | | |
| TD Bank North - Line of Credit | 5,000 | 5,000 | 5,000 | 5,000 | 20,000 |
| TD Bank North - Term loan | 14,000 | 14,000 | 14,000 | 14,000 | 56,000 |
| Total Adequate Protection Pymts - TD Banknorth | 19,000 | 19,000 | 19,000 | 19,000 | 76,000 |